

AMENDMENT TO FY 2019 LOAN POLICIES

for

STATE WATER POLLUTION CONTROL REVOLVING FUND CWSRF

and

STATE DRINKING WATER REVOLVING LOAN FUND DWSRF

by

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

Note: Inquiries should be directed to the Office of Local Government, SC Rural Infrastructure Authority, which administers the SRF Funds for the SC Water Quality Revolving Fund Authority (the “*Authority*”).

October 1, 2020

AMENDMENT TO FY 2019 SRF LOAN POLICIES

CWSRF - DWSRF

I. INTRODUCTION

When the FY 2019 Loan Policies were established on October 1, 2018, the municipal bond market interest rates were trending upward, but began to decline in 2019. The descent accelerated in 2020 to historically low levels due to the economic impact of the Covid-19 pandemic. It is due to these dramatically altered circumstances that the South Carolina Water Quality Revolving Fund Authority, by this action, is authorizing a reduction to the FY 2019 interest rates which are currently the highest in our portfolio. The reduction will apply to all FY 2019 loans using the Standard Interest Rate unless a redemption notice has been received for a loan and according to the following defined parameters.

An FY 2019 loan is defined by its loan number and not when the loan closed. If the third component of the five-part loan number is “19”, then it is an FY 2019 loan governed by the FY 2019 loan policies.

II. INTEREST RATES

Interest rate reductions on existing FY 2019 Clean Water SRF (CWSRF) and Drinking Water SRF (DWSRF) loans are available as a one-time opportunity during FY 2021 based on the following.

1. The Standard Interest Rate for 20 years will decline from 2.60% to 2.40% and the rate for 30 years will decrease from 2.80% to 2.60%.
2. If the loan has already begun repayments, the interest rate change will re-amortize the outstanding principal balance at the lower rate for the remaining number of payments, but will not extend the term.
3. For any loan that has not reached its payment initiation date and is accruing interest on previously received disbursements at a higher interest rate, an interest rate change will not alter continued accrual of prior disbursements at the higher interest rate. However, disbursements made after the date of a fully executed loan agreement amendment reducing the interest rate will accrue interest at the new rate.
4. If the loan is already in repayment, the interest rate reduction will be effective on the next payment due date rather than the date of the fully executed loan agreement amendment.
5. For any change to occur, the Sponsor Representative of the borrower must send a letter requesting the interest rate reduction. We encourage that such be submitted to the Office of Local Government, SC Rural Infrastructure Authority as soon as convenient and no later than November 30, 2020. We will process such requests in the order of receipt and as quickly as staffing allows.